

CLAIMS SUPPLIES ARE REPLACEABLE

Threat of Iran Oil Cutoffs
Not Severe, CIA Chief Says

By ROBERT A. ROSENBLATT, Times Staff Writer

WASHINGTON—A shutoff of Iranian oil shipments to America's allies "won't be comfortable but isn't going to be catastrophic," CIA director Stansfield Turner said Tuesday.

Turner's testimony at a Senate Energy Committee hearing was the Carter Administration's strongest assertion to date that Iran's "oil weapon" is not now a potent one.

His testimony supported the view that other nations can join the U.S. campaign of economic pressures against Iran without endangering vital petroleum supplies.

Iran stopped selling oil to its biggest single customer, Japan, on Monday after Japanese companies rejected a price increase of \$2.50 a barrel. The increase would have raised the cost to \$35 a barrel.

"Japan can replace most of that oil at lower prices," the supply director of a major U.S. oil company said Tuesday. He estimated that current world production exceeds demand by 500,000 to 1 million barrels a day. The

surplus enables private companies, as well as nations, to keep inventories at unusually high levels.

Japan has 93 days' worth of oil supplies in storage, and most industrial nations have sufficient inventories for 90 to 100 days, according to CIA estimates.

The Iranians "don't have a great deal of leverage at this time," Turner said. His report was welcomed by Sen. Henry M. Jackson (D-Wash.), the committee chairman, who said after the hearing. "The Iranians are standing alone, and they must know it."

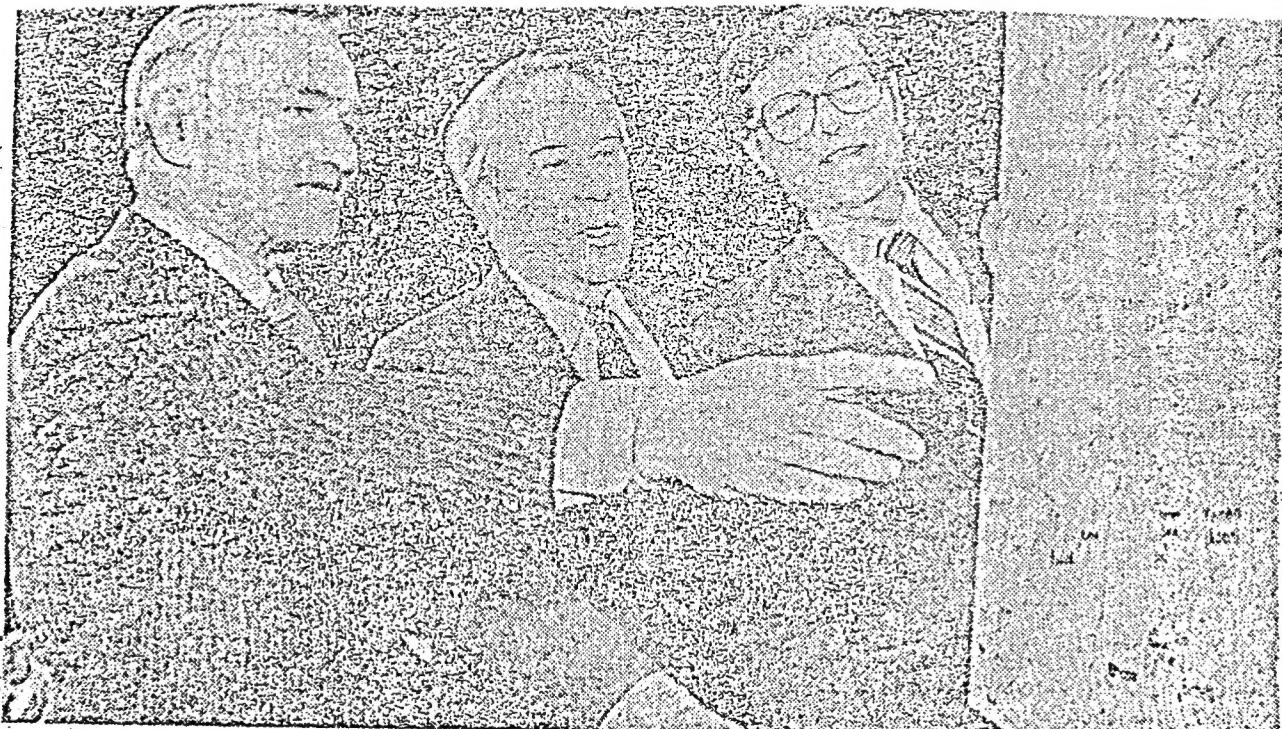
Besides losing customers, Iran's oil industry is plagued by sabotage and worker discontent, Turner said. Meanwhile, he added, "the Soviet Union is very active in a covert program in Iran today." The Soviets are infiltrating agents into Iran "to undermine the country they are ostensibly trying to court," he said.

Despite the current surpluses, Turner offered a gloomy assessment of petroleum prospects during the 1980s, when crude oil output will decline. The Soviet Union, which now exports oil, will become a net importer, competing with non-Communist nations for Middle East petroleum, according to CIA figures.

The key political issue "is how vicious the struggle for energy supplies will become," Turner said. "This competition will create a severe test of the cohesiveness of both the Western and Eastern alliances. The entrance of the Soviet Union into the free world's competition for oil not only further squeezes oil supplies available to the West, but also entails major security risks."

The Soviets "will be increasingly active in the diplomatic arena in the Middle East, holding out as a carrot the glimmer of a stable political atmosphere, if the Gulf states become more cooperative on oil and political matters," Turner said.

Turner acknowledged the possibility of a major interruption of Middle East oil flows to the United States during the 1980s.



OIL SUPPLY—CIA Director Stansfield Turner, left, points out oil-rich Middle East nations that

he sees as potential targets of the Soviet Union to Sens. Henry M. Jackson and Pete Domenici.

Associated Press photo